



HB 867/SB 766
BALTIMORE CITY TAX SALE – COLLECTION OF UNPAID PROPERTY TAXES
HEARING BEFORE THE HOUSE WAYS AND MEANS COMMITTEE
MARCH 28, 2023
POSITION: SUPPORT WITHOUT AMENDMENTS

The Pro Bono Resource Center of Maryland (“PBRC”), an independent 501(c)(3) non-profit organization, is the statewide thought leader and clearinghouse for volunteer civil legal services in Maryland. As the designated pro bono arm of the Maryland State Bar Association, PBRC provides training, mentorship, and pro bono service opportunities to members of the private bar. PBRC supports HB 867/SB 766 without any amendments because it would allow the City of Baltimore to make its own determinations about how and when to conduct tax sale auctions, thereby potentially preserving homeownership for hundreds of families while addressing other local concerns, including the issues of vacancy and blight that are particular to Baltimore.

Baltimore City, where we primarily operate our tax sale work, has a particularly high number of residents facing tax sale: the City mailed Final Bills and Legal Notices in February 2023 to nearly 7,700 owner-occupied homes. The City government has recognized that there is a better way to address these delinquencies than through the current tax sale system: allowing payment plans will enable more residents to pay what they owe, interest and expenses can contribute to the City’s revenue instead of going in the pockets of third-party investors, and residents will have the extra time they need to pay down their tax debt. The Mayor of Baltimore is committed to helping residents who are at risk of tax sale, committed to reducing the inequities, to ending predatory third-party involvement, and committed to addressing the problem of vacancy. But, as the State tax sale law currently stands, he is hampered in his ability to reform the tax sale auction process to better suit the needs of this City.

The proposed amendment to SB 766 would be detrimental to the intended effects of this legislation. The amendment was proposed by the small group of tax sale purchasers, who are far more concerned about their own revenues than they are about the housing needs of the residents in Baltimore City. The proponents of the amendment argue this bill would aggravate the vacancy problem, which is incorrect. Most vacant and abandoned properties are not purchased by tax sale purchasers. Each year less than 10% of the liens offered at tax sale are purchased – as the liens often exceed the value of the property. Further, two bills have passed to address vacant and abandoned properties in Baltimore that the City will implement immediately. Further, the revenue from non-owner occupied properties is needed to support the proposed reformed system to keep homeowners in their homes. The numbers show our new system will pay for itself with the interest accumulated from all of the redeemed properties. If the bill is limited to only owner-occupied properties, the interest generated will be reduced to an amount insufficient to offset the cost of outreach efforts and implementation of payment plans. Keeping the homeowners in their homes is a higher priority than ensuring the small number of tax sale purchasers keep their revenues earned from engaging in this predatory system.

Of particular concern for PBRC’s clients is that the proposed amendment would also eliminate protections for heirs who live in their deceased parents’ homes. This is a common issue among our clients primarily in Black and Brown communities. Because the properties are owned by heirs who are not listed on the deed, SDAT has in many cases changed the occupancy status to non-owner occupied. The proposed amendment would remove protections for this important group of legacy homeowners.

PBRC supports HB 867/SB 766 without amendments, which will permit Baltimore to best determine how and when to conduct tax sales according to its own needs, allowing for alternative options that may preserve homeownership for City residents, address the critical issue of vacancy, and allow the City to more effectively collect property tax revenues. Thank you for the opportunity to testify.

For the above reasons,

PBRC urges a FAVORABLE VOTE WITHOUT AMENDMENTS ON HB 867/SB 766.

Please contact Allison Harris, Director of PBRC's Home Preservation Project, with any questions.

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